

## **CITY ATTORNEY'S IMPARTIAL ANALYSIS**

### **MEASURE I**

#### **CITY OF BELMONT**

Measure "I" places before the voters the question whether to approve an ordinance enacting a temporary transactions and use ("sales") tax within the City of Belmont. The tax rate would be one-half of one percent (0.50%) of the retail sales price, or ½ cent for an item that costs \$1, and is estimated to initially generate additional city revenue of \$1,300,000 annually. The tax would remain in effect for thirty years. The tax proceeds would be deposited into the City's general fund and cannot legally be taken by the State. The Measure's funds would be available to support the full range of municipal services such as infrastructure repair and improvement, 911 emergency response, recreation facilities, and other City services. The City Council placed the Measure on the ballot on July 26, 2016 by unanimously adopting Resolution 2016-080. The full text of the ordinance is printed in these ballot materials.

Currently, the sales tax rate on retail sales in Belmont is 9.0% of the purchase price. The City's share of the total sales tax rate is 1.0%. The remainder goes to the State, the County, and various other agencies. The sales tax rate will fall to 8.75% on January 1, 2017 when a 0.25% portion of the rate retained by the State under Proposition 30 expires. The City will continue to receive its 1.0%.

If approved by the voters, the Measure would enact a 0.50% transaction and use tax, which would increase the total sales tax rate on retail sales in Belmont to 9.25% with a likely effective date of April 1, 2017. The City's share of the total sales tax rate would increase to 1.5%.

The existing sales tax is levied on the sale or use of tangible personal property sold at retail, with certain limited exceptions. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization, which administers the tax. Sales tax proceeds from this Measure would be levied, collected and administered in the same manner as the existing sales tax.

Because this Measure does not legally restrict the use of tax revenue to any specific purpose, it is classified as a "general tax," not a "special tax." The tax proceeds may be used for any valid municipal governmental purpose.

The Measure requires an independent auditor to prepare an annual audit report reviewing whether the tax revenue has been collected and administered in accordance with the law. The report will be a matter of public record. The Measure also calls on the City Council to form a Citizen Advisory Committee to monitor and report on how the tax is spent. This Committee will be subject to open meeting laws.

Only the voters may extend the tax or increase the rate. The other provisions of the Measure may be amended without a vote of the people.

A "Yes" vote is a vote in favor of the tax. A "No" vote is a vote against the tax. The Measure will be approved if it receives a simple majority of "Yes" votes.

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